



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3075

Introduced 2/23/2011, by Rep. Daniel V. Beiser

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160
40 ILCS 5/14-152.1
40 ILCS 5/15-198
40 ILCS 5/16-203
30 ILCS 805/8.35 new

Amends the Illinois Pension Code. Provides that a member or participant who first becomes a member of one of the specified pension or retirement systems on or after January 1, 2011 is entitled to a retirement annuity upon written application if he or she has attained age 62 (rather than 67), has at least 10 years of service credit, and is otherwise eligible under the requirements of the applicable Article. Provides that if such a person has attained age 57 (rather than 62), has at least 10 years of service credit, and is otherwise eligible under the requirements of the applicable Article, then he or she may elect to retire early and receive a lower retirement annuity. Exempts these benefit changes from the new benefit increase provisions added by Public Act 94-4 in each of the affected Articles. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 08879 JDS 49009 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 1-160, 14-152.1, 15-198, and 16-203 as follows:

6 (40 ILCS 5/1-160)

7 Sec. 1-160. Provisions applicable to new hires.

8 (a) The provisions of this Section apply to a person who,
9 on or after January 1, 2011, first becomes a member or a
10 participant under any reciprocal retirement system or pension
11 fund established under this Code, other than a retirement
12 system or pension fund established under Article 2, 3, 4, 5, 6,
13 or 18 of this Code, notwithstanding any other provision of this
14 Code to the contrary, but do not apply to any self-managed plan
15 established under this Code, to any person with respect to
16 service as a sheriff's law enforcement employee under Article
17 7, or to any participant of the retirement plan established
18 under Section 22-101.

19 (b) "Final average salary" means the average monthly (or
20 annual) salary obtained by dividing the total salary or
21 earnings calculated under the Article applicable to the member
22 or participant during the 96 consecutive months (or 8
23 consecutive years) of service within the last 120 months (or 10

1 years) of service in which the total salary or earnings
2 calculated under the applicable Article was the highest by the
3 number of months (or years) of service in that period. For the
4 purposes of a person who first becomes a member or participant
5 of any retirement system or pension fund to which this Section
6 applies on or after January 1, 2011, in this Code, "final
7 average salary" shall be substituted for the following:

8 (1) In Articles 7 (except for service as sheriff's law
9 enforcement employees) and 15, "final rate of earnings".

10 (2) In Articles 8, 9, 10, 11, and 12, "highest average
11 annual salary for any 4 consecutive years within the last
12 10 years of service immediately preceding the date of
13 withdrawal".

14 (3) In Article 13, "average final salary".

15 (4) In Article 14, "final average compensation".

16 (5) In Article 17, "average salary".

17 (6) In Section 22-207, "wages or salary received by him
18 at the date of retirement or discharge".

19 (b-5) Beginning on January 1, 2011, for all purposes under
20 this Code (including without limitation the calculation of
21 benefits and employee contributions), the annual earnings,
22 salary, or wages (based on the plan year) of a member or
23 participant to whom this Section applies shall not exceed
24 \$106,800; however, that amount shall annually thereafter be
25 increased by the lesser of (i) 3% of that amount, including all
26 previous adjustments, or (ii) one-half the annual unadjusted

1 percentage increase (but not less than zero) in the consumer
2 price index-u for the 12 months ending with the September
3 preceding each November 1, including all previous adjustments.

4 For the purposes of this Section, "consumer price index-u"
5 means the index published by the Bureau of Labor Statistics of
6 the United States Department of Labor that measures the average
7 change in prices of goods and services purchased by all urban
8 consumers, United States city average, all items, 1982-84 =
9 100. The new amount resulting from each annual adjustment shall
10 be determined by the Public Pension Division of the Department
11 of Insurance and made available to the boards of the retirement
12 systems and pension funds by November 1 of each year.

13 (c) A member or participant is entitled to a retirement
14 annuity upon written application if he or she has attained age
15 62 ~~67~~ and has at least 10 years of service credit and is
16 otherwise eligible under the requirements of the applicable
17 Article.

18 A member or participant who has attained age 57 ~~62~~ and has
19 at least 10 years of service credit and is otherwise eligible
20 under the requirements of the applicable Article may elect to
21 receive the lower retirement annuity provided in subsection (d)
22 of this Section.

23 (d) The retirement annuity of a member or participant who
24 is retiring after attaining age 57 ~~62~~ with at least 10 years of
25 service credit shall be reduced by one-half of 1% for each full
26 month that the member's age is under age 62 ~~67~~.

1 (e) Any retirement annuity or supplemental annuity shall be
2 subject to annual increases on the January 1 occurring either
3 on or after the attainment of age 62 ~~67~~ or the first
4 anniversary of the annuity start date, whichever is later. Each
5 annual increase shall be calculated at 3% or one-half the
6 annual unadjusted percentage increase (but not less than zero)
7 in the consumer price index-u for the 12 months ending with the
8 September preceding each November 1, whichever is less, of the
9 originally granted retirement annuity. If the annual
10 unadjusted percentage change in the consumer price index-u for
11 the 12 months ending with the September preceding each November
12 1 is zero or there is a decrease, then the annuity shall not be
13 increased.

14 (f) The initial survivor's or widow's annuity of an
15 otherwise eligible survivor or widow of a retired member or
16 participant who first became a member or participant on or
17 after January 1, 2011 shall be in the amount of 66 2/3% of the
18 retired member's or participant's retirement annuity at the
19 date of death. In the case of the death of a member or
20 participant who has not retired and who first became a member
21 or participant on or after January 1, 2011, eligibility for a
22 survivor's or widow's annuity shall be determined by the
23 applicable Article of this Code. The initial benefit shall be
24 66 2/3% of the earned annuity without a reduction due to age. A
25 child's annuity of an otherwise eligible child shall be in the
26 amount prescribed under each Article if applicable. Any

1 survivor's or widow's annuity shall be increased (1) on each
2 January 1 occurring on or after the commencement of the annuity
3 if the deceased member died while receiving a retirement
4 annuity or (2) in other cases, on each January 1 occurring
5 after the first anniversary of the commencement of the annuity.
6 Each annual increase shall be calculated at 3% or one-half the
7 annual unadjusted percentage increase (but not less than zero)
8 in the consumer price index-u for the 12 months ending with the
9 September preceding each November 1, whichever is less, of the
10 originally granted survivor's annuity. If the annual
11 unadjusted percentage change in the consumer price index-u for
12 the 12 months ending with the September preceding each November
13 1 is zero or there is a decrease, then the annuity shall not be
14 increased.

15 (g) The benefits in Section 14-110 apply only if the person
16 is a State policeman, a fire fighter in the fire protection
17 service of a department, or a security employee of the
18 Department of Corrections or the Department of Juvenile
19 Justice, as those terms are defined in subsection (b) of
20 Section 14-110. A person who meets the requirements of this
21 Section is entitled to an annuity calculated under the
22 provisions of Section 14-110, in lieu of the regular or minimum
23 retirement annuity, only if the person has withdrawn from
24 service with not less than 20 years of eligible creditable
25 service and has attained age 60, regardless of whether the
26 attainment of age 60 occurs while the person is still in

1 service.

2 (h) If a person who first becomes a member or a participant
3 of a retirement system or pension fund subject to this Section
4 on or after January 1, 2011 is receiving a retirement annuity
5 or retirement pension under that system or fund and becomes a
6 member or participant under any other system or fund created by
7 this Code and is employed on a full-time basis, except for
8 those members or participants exempted from the provisions of
9 this Section under subsection (a) of this Section, then the
10 person's retirement annuity or retirement pension under that
11 system or fund shall be suspended during that employment. Upon
12 termination of that employment, the person's retirement
13 annuity or retirement pension payments shall resume and be
14 recalculated if recalculation is provided for under the
15 applicable Article of this Code.

16 (i) Notwithstanding any other provision of this Section, a
17 person who first becomes a participant of the retirement system
18 established under Article 15 on or after January 1, 2011 shall
19 have the option to enroll in the self-managed plan created
20 under Section 15-158.2 of this Code.

21 (j) In the case of a conflict between the provisions of
22 this Section and any other provision of this Code, the
23 provisions of this Section shall control.

24 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

25 (40 ILCS 5/14-152.1)

1 Sec. 14-152.1. Application and expiration of new benefit
2 increases.

3 (a) As used in this Section, "new benefit increase" means
4 an increase in the amount of any benefit provided under this
5 Article, or an expansion of the conditions of eligibility for
6 any benefit under this Article, that results from an amendment
7 to this Code that takes effect after June 1, 2005 (the
8 effective date of Public Act 94-4). "New benefit increase",
9 however, does not include any benefit increase resulting from
10 the changes made to this Article by this amendatory Act of the
11 96th General Assembly or to Section 1-160 of this Code by this
12 amendatory Act of the 97th General Assembly.

13 (b) Notwithstanding any other provision of this Code or any
14 subsequent amendment to this Code, every new benefit increase
15 is subject to this Section and shall be deemed to be granted
16 only in conformance with and contingent upon compliance with
17 the provisions of this Section.

18 (c) The Public Act enacting a new benefit increase must
19 identify and provide for payment to the System of additional
20 funding at least sufficient to fund the resulting annual
21 increase in cost to the System as it accrues.

22 Every new benefit increase is contingent upon the General
23 Assembly providing the additional funding required under this
24 subsection. The Commission on Government Forecasting and
25 Accountability shall analyze whether adequate additional
26 funding has been provided for the new benefit increase and

1 shall report its analysis to the Public Pension Division of the
2 Department of Financial and Professional Regulation. A new
3 benefit increase created by a Public Act that does not include
4 the additional funding required under this subsection is null
5 and void. If the Public Pension Division determines that the
6 additional funding provided for a new benefit increase under
7 this subsection is or has become inadequate, it may so certify
8 to the Governor and the State Comptroller and, in the absence
9 of corrective action by the General Assembly, the new benefit
10 increase shall expire at the end of the fiscal year in which
11 the certification is made.

12 (d) Every new benefit increase shall expire 5 years after
13 its effective date or on such earlier date as may be specified
14 in the language enacting the new benefit increase or provided
15 under subsection (c). This does not prevent the General
16 Assembly from extending or re-creating a new benefit increase
17 by law.

18 (e) Except as otherwise provided in the language creating
19 the new benefit increase, a new benefit increase that expires
20 under this Section continues to apply to persons who applied
21 and qualified for the affected benefit while the new benefit
22 increase was in effect and to the affected beneficiaries and
23 alternate payees of such persons, but does not apply to any
24 other person, including without limitation a person who
25 continues in service after the expiration date and did not
26 apply and qualify for the affected benefit while the new

1 benefit increase was in effect.

2 (Source: P.A. 96-37, eff. 7-13-09.)

3 (40 ILCS 5/15-198)

4 Sec. 15-198. Application and expiration of new benefit
5 increases.

6 (a) As used in this Section, "new benefit increase" means
7 an increase in the amount of any benefit provided under this
8 Article, or an expansion of the conditions of eligibility for
9 any benefit under this Article, that results from an amendment
10 to this Code that takes effect after June 1, 2005 (the
11 effective date of Public Act 94-4) ~~this amendatory Act of the~~
12 ~~94th General Assembly~~. "New benefit increase", however, does
13 not include any benefit increase resulting from the changes
14 made to Section 1-160 of this Code by this amendatory Act of
15 the 97th General Assembly.

16 (b) Notwithstanding any other provision of this Code or any
17 subsequent amendment to this Code, every new benefit increase
18 is subject to this Section and shall be deemed to be granted
19 only in conformance with and contingent upon compliance with
20 the provisions of this Section.

21 (c) The Public Act enacting a new benefit increase must
22 identify and provide for payment to the System of additional
23 funding at least sufficient to fund the resulting annual
24 increase in cost to the System as it accrues.

25 Every new benefit increase is contingent upon the General

1 Assembly providing the additional funding required under this
2 subsection. The Commission on Government Forecasting and
3 Accountability shall analyze whether adequate additional
4 funding has been provided for the new benefit increase and
5 shall report its analysis to the Public Pension Division of the
6 Department of Financial and Professional Regulation. A new
7 benefit increase created by a Public Act that does not include
8 the additional funding required under this subsection is null
9 and void. If the Public Pension Division determines that the
10 additional funding provided for a new benefit increase under
11 this subsection is or has become inadequate, it may so certify
12 to the Governor and the State Comptroller and, in the absence
13 of corrective action by the General Assembly, the new benefit
14 increase shall expire at the end of the fiscal year in which
15 the certification is made.

16 (d) Every new benefit increase shall expire 5 years after
17 its effective date or on such earlier date as may be specified
18 in the language enacting the new benefit increase or provided
19 under subsection (c). This does not prevent the General
20 Assembly from extending or re-creating a new benefit increase
21 by law.

22 (e) Except as otherwise provided in the language creating
23 the new benefit increase, a new benefit increase that expires
24 under this Section continues to apply to persons who applied
25 and qualified for the affected benefit while the new benefit
26 increase was in effect and to the affected beneficiaries and

1 alternate payees of such persons, but does not apply to any
2 other person, including without limitation a person who
3 continues in service after the expiration date and did not
4 apply and qualify for the affected benefit while the new
5 benefit increase was in effect.

6 (Source: P.A. 94-4, eff. 6-1-05.)

7 (40 ILCS 5/16-203)

8 Sec. 16-203. Application and expiration of new benefit
9 increases.

10 (a) As used in this Section, "new benefit increase" means
11 an increase in the amount of any benefit provided under this
12 Article, or an expansion of the conditions of eligibility for
13 any benefit under this Article, that results from an amendment
14 to this Code that takes effect after June 1, 2005 (the
15 effective date of Public Act 94-4). "New benefit increase",
16 however, does not include any benefit increase resulting from
17 the changes made to this Article by this amendatory Act of the
18 95th General Assembly or to Section 1-160 of this Code by this
19 amendatory Act of the 97th General Assembly.

20 (b) Notwithstanding any other provision of this Code or any
21 subsequent amendment to this Code, every new benefit increase
22 is subject to this Section and shall be deemed to be granted
23 only in conformance with and contingent upon compliance with
24 the provisions of this Section.

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

4 Every new benefit increase is contingent upon the General
5 Assembly providing the additional funding required under this
6 subsection. The Commission on Government Forecasting and
7 Accountability shall analyze whether adequate additional
8 funding has been provided for the new benefit increase and
9 shall report its analysis to the Public Pension Division of the
10 Department of Financial and Professional Regulation. A new
11 benefit increase created by a Public Act that does not include
12 the additional funding required under this subsection is null
13 and void. If the Public Pension Division determines that the
14 additional funding provided for a new benefit increase under
15 this subsection is or has become inadequate, it may so certify
16 to the Governor and the State Comptroller and, in the absence
17 of corrective action by the General Assembly, the new benefit
18 increase shall expire at the end of the fiscal year in which
19 the certification is made.

20 (d) Every new benefit increase shall expire 5 years after
21 its effective date or on such earlier date as may be specified
22 in the language enacting the new benefit increase or provided
23 under subsection (c). This does not prevent the General
24 Assembly from extending or re-creating a new benefit increase
25 by law.

26 (e) Except as otherwise provided in the language creating

1 the new benefit increase, a new benefit increase that expires
2 under this Section continues to apply to persons who applied
3 and qualified for the affected benefit while the new benefit
4 increase was in effect and to the affected beneficiaries and
5 alternate payees of such persons, but does not apply to any
6 other person, including without limitation a person who
7 continues in service after the expiration date and did not
8 apply and qualify for the affected benefit while the new
9 benefit increase was in effect.

10 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.35 as follows:

13 (30 ILCS 805/8.35 new)

14 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
15 of this Act, no reimbursement by the State is required for the
16 implementation of any mandate created by this amendatory Act of
17 the 97th General Assembly.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.